

Monthly Report: Macroeconomic Indicators - Nicaragua
March 2013¹

Concept			Other sources ²		2013
	2011	2012	2013		
			February	March	
GDP (million U.S.\$)	9317.3	10,507.7	n/a	n/a	10,950.6 – 11,091
Growth of the economy (% real GDP)	5.1	5.2	3.6	n/a	2.3-5
Accumulated inflation ³	8	6.62	1.80	1.94	5.5 – 7.9
Jobs (policy holders to the INSS ⁴)	596,328	643,538	661,617	664,051	n/a
Unemployment rate (%)	6.3	n/a	n/a	n/a	11.8
Wages (% variation in real wages) ⁵	-3.2	-1.5	-0.5	-2.7	n/a
Merchandise exports ⁶ (million U.S.\$)	2264.0	2,677.4	189.9	221.7	2,775
Exports (% variation)	22.3	2.7	-11.4	-17	3.6-5.2
External debt (million U.S.\$)	4072.7	4289.4	n/a	4291	n/a
IMAE ⁷ (% annual variation)	6.0	4.7	4.1	3.9	n/a
Foreign Direct Investment (million U.S.\$)	967.9	1284	n/a	n/a	1200
Individual consumption (% variation)	3.3	4.7	n/a	1.2	2.3-3.4
Remittances	911.6	1014.2	83.7	90.2	930

Gross Domestic Product: According to the National Accounts Quarterly Report of the Central bank of Nicaragua (BCN) by the first trimester of 2013 Nicaragua's economic activity by 3.6%. Independent economists forecast a GDP variation between 2.9 and 4.2% in 2013; while ECLAC maintains its forecast of 5% growth rate of GDP for Nicaragua by the end of 2013.

Inflation: By March 2013 accumulated inflation rose 1.94%, which was mainly driven by the behavior of food prices; also, there were slight increases in the divisions of miscellaneous goods and services, transportation and health.

Jobs: By March 2013, BCN estimated that the affiliated to INSS rose 664,051 (616,574 by March 2012) of which 10.05% belong to agriculture, forestry, hunting and fishing activities; 0.70% to mining activities; 22.90% to manufacture industries; 1.14% to electricity and water; 3.24% to construction activities; 15.54% to commerce; 3.67% to transport, storage and communications; 9.07% to financial activities and 33.69% pertain to community, social and personal services.

Salary: During March 2013, nominal average wage of the formal employment⁸ amounted C\$7,251 observing an increase of 3.9% with respect to the same period the previous year. In the other hand, real average wage of the formal employment rose C\$4069.8 presenting a reduction of -2.7% with respect to March 2012 (C\$4183.3).

¹ Information in italics has been updated for the month of March 2013

² Other sources: FUNIDES Situation Report 2012, COPADES, ECLAC, newspapers and independent economists.

³ Accumulated inflation indicates how the prices have increased in an accumulative basis since a particular month to the present date; it indicates how the inflation has accumulated throughout the year.

⁴ Nicaraguan Institute of Social Security (INSS)

⁵ Wage calculation method for both nominal and real wage was changed by BCN, and starting in 2013 wages were recalculated with the new base year (2006), therefore it's explained the change in wages for 2011 and 2012. From 2013 this report will consider the data of the Formal employment wage.

⁶ Merchandise exports do not include the goods acquired in ports and free zone exports.

⁷ Monthly Index of Economic Activity (IMAE), which combines information from the production of goods and services in economic activities with monthly tracking, allows economic activity, making possible to analyze the phase of the cycle that is facing the economy. These figures are revised monthly due to the inclusion of new data from the different economic sectors.

⁸ Formal employment wage based on Ministry of Labor Survey for establishments on 20 or more workers affiliated to social security.

Exports: According to BCN by March 2013 the exports amounted U.S.\$ 221.7 million dollars denoting a decrease rate of -17% with respect to March 2012; however, when compared to the previous month an increase around 16.7% is observed. This behavior was mainly explained by the fall in the volume and values of the main export items such as: meat, coffee, sugar, peanuts and cheese, excepting gold. The accumulated value of exports by March 2013 was US \$ 631.9 million dollars, -9.11% lower than the same period in 2012.

External public debt: The external public debt by March 2012 reached an amount of U.S.\$ 4291 million dollars, presenting a slight increase of U\$1.6 million dollars (0.04%) with respect to the fourth trimester of 2012. The external debt ration with respect to the GDP decreased to 38.4% (from 40.8% in the fourth trimester of 2012), while the external debt ratio with respect to the exports increased to 81.5% (from 80.3% observed in the fourth trimester of 2012).

IMAE: According to BCN, by March 2013 IMAE registered an accumulated growth of 3.9% which was explained mainly by the increase in forestry, fishing and mining, as well as agriculture, financial services, education and health.

Foreign Direct Investment (FDI)⁹: According to ProNicaragua, FDI registered by 2012 amounted US \$1284 million dollars, which is a historic amount and represents almost 33% growth rate compared to FDI in 2011 (US\$968 million dollars). The sectors that caught the FDI flows were industry, commerce and services, energy, mines and free zones, which covered 77% of the total FDI incomes. *The projections are to surpass US\$ 1200 million dollars in 2013.*

Individual consumption¹⁰: According to BCN in the first quarter of 2013 the individual consumption recorded an increase of 1.2% (5.1% lower than the consumption registered during the fourth quarter of 2012). This was explained by a higher expenditure in goods and services of national origin, while a lower consumption on imported goods was observed. This behavior was consistent with the increase in economic activity.

Remittances: In March 2013 the remittances registered an amount of U.S.\$ 90.2 million dollars which represents an increase of 0.55% with respect to March 2012 (US\$89.7 million dollars). The accumulated value of remittances by March 2013 was US\$257.3 million dollars reflecting an increase of 2.87% with respect to the same period the previous year.

Other information:

Household Survey to measure Poverty in Nicaragua (2012)

According to the Household Survey to Measure Poverty in Nicaragua performed by FIDEG¹¹ around 42.7% of the population lives in general poverty¹² conditions and 7.65% in extreme poverty conditions. Also the consumption structure of the households revealed that the ratio of consumption destined to food with respect to the total consumption has decreased.

⁹ FDI occurs when a resident investor ("direct investor"), aims at obtaining a lasting interest in an Enterprise resident in another economy or country ("direct investment enterprise"). Definition according to the International Monetary Fund (IMF)

¹⁰ Individual consumption relates mainly to household final consumption expenditure, which is done by the latter for the direct satisfaction of the needs of its members.

¹¹ International Foundation for the Economic Global Challenge (FIDEG) is an NGO specialized in the preparation of socio-economic studies. The Household Survey to Measure Poverty in Nicaragua was performed under the Project "Poverty Measurement in Nicaragua 2012-2013" supported by Swiss Cooperation Agency in Central America, as well as the Embassy of Finland and the Government of Canada.

¹² According to FIDEG's 2012 Results Report in 2012 the average Nicaraguan needed at least 2,295 calories per day in order to satisfy their minimum caloric need, which represents C\$9,127.9 per person per year or US\$1.00 per person per day. The households with a per capita consumption lower than the value of this line were classified in extreme poverty. The value of general poverty represents the annual cost to satisfy the minimum caloric daily needs of a person plus the annual cost to cover other essential needs, such as: transportation, housing, education, health, clothing and other goods of daily use at home.

Monthly Report: Macroeconomic Indicators of Nicaragua– JICA Nicaragua Office

At national level the general and extreme poverty incidence reflects a reduction tendency for the period 2009-2012 as general poverty changed from 44.7% in 2009 to 42.7% in 2012; extreme poverty passed from 9.7% in 2009 to 9.0% in 2010, 8.2% in 2011 and 7.6% in 2012.

When comparing the results for 2011 and 2012 by residence area it's observed that in the urban area both general and extreme poverty have decreased in 2.5% and 2.2% respectively. However, when examining the results for rural area general poverty remain the same as the previous year (61.3% in 2012, 61.5% in 2011) and extreme poverty increased 1.3% changing from 11.6% in 2011 to 12.9% in 2012.

The results also showed that poverty affects equally to men and women. Gini coefficient for 2012 was 0.33 showing improves in distribution as this indicator was 0.37 in 2009. On the other hand, consumption distribution it's still very unequal as in 2012 a 20% of population (grater welfare quintile) concentrates almost 39.4% of total consumption and the average consumption of this quintile is 5.3 times the average consumption of the lower welfare quintile.

The Basic Unsatisfied Needs¹³ indicator reflects that 19.4% of households have two or more unsatisfied needs at national level showing a decrease of 3% when compared with 2011; also, 24.5% for the households at rural level have two or more basic unsatisfied needs (28% in 2011). At national level 33.9% of the population has one basic unsatisfied need, which is 1% higher than 2011. The main basic unsatisfied needs that affect Nicaraguan households are: economic dependence¹⁴, almost 29.3% of households have an economic dependence problem; insufficient basic services¹⁵, at national level 16.4% of households has this basic need unsatisfied and overcrowding¹⁶, which reflects that for every 100 households at national level, 20 are leaving in overcrowding conditions.

Notes:

1. Exchange rate as March 31st 2013 is 24.4175 C\$ (Cordobas) for 1 U.S.\$ (Dollar).

References:

Web pages

<http://www.bcn.gob.ni>

<http://www.laprensa.com.ni>

<http://www.elnuevodiario.com.ni>

<http://www.elobservadoreconomico.com>

<http://www.canal15.com.ni>

<http://www.funides.org>

Documents:

BCN – Monthly inflation March 2013

BCN – Annual Report 2012

BCN – External Cooperation Report, 2012.

BCN – Monthly IMAE Report, March 2013.

UNCTAD – World Economic Situation and Prospects, 2012.

FUNIDES – Economic situation Report, 1st Trimester 2013.

FIDEG – Household Survey to measure Poverty in Nicaragua, Results Report 2012.

¹³ Basic Unsatisfied Needs indicator is constructed considering 5 aspects: minimum housing adequate for a home, access to basic services, quality of housing, economic dependence relation and the access of children at school age to basic education.

¹⁴ Economic dependence is calculated considering the number of occupied people with respect of the total household members, as well as the education level of the head of the household.

¹⁵ Insufficient basic services are calculated considering the Access to safe water and an adequate sewerage system.

¹⁶ Overcrowding is calculated considering the number of people per room, at urban level a household is considered overcrowded when there are 4 or more people per room, at rural level a household is considered overcrowded when there are 5 or more people per room.